

REPORT TO COUNCIL



Date: January 23, 2012
File: 1345-04
To: City Manager
From: Biosolids Supervisor
Subject: Compost Pricing Increase

Recommendation:

THAT Council, receives, for information, the Report from the Biosolids Supervisor dated January 23, 2012;

AND THAT Council approves the recommended 10% increase in compost fees;

AND FURTHER THAT Bylaw No. 10648 being Amendment No. 5 to the Solid Waste Regulation Bylaw No. 10106 be forwarded for reading consideration.

Purpose:

In 2003 a professionally prepared Compost Marketing Strategy recommended increasing compost sales prices by 10% annually, if the compost market could bear the increase. The last price increase was in 2007 and we continue to evaluate the market on an annual basis, and feel that a price increase is in order at this time. This fee increase will improve cost recovery but compost production costs will continue to be significantly subsidized by the wastewater utility and the Landfill.

Background:

Under the Organic Matter Recycling Regulation, Waste Management Act, the City of Kelowna operates two composting facilities that produce a Class A compost product. The compost is sold as a soil conditioner and is very popular with landscapers, nurseries and homeowners. From the Marketing Strategy a pricing schedule was developed that rewards large volume buyers through graduated pricing so that the more they buy the less per cubic yard they pay. Compost is sold at a retail level and for bulk purchasers at a wholesale level. A rate increase of approximately 10% is proposed for 2012 but we wish to reiterate that these rates have not increased since 2007.

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The new charges are as follows:

Compost Wholesale Graduated Pricing Schedule	
Yards purchased per calendar year	\$/yard plus applicable taxes
Less than 50	\$ 21.43
50 to 249	\$ 16.07
250 to 999	\$ 13.39
1000 to 2999	\$ 10.45
3000 to 4999	\$ 9.08
5000 and up	\$ 8.48

Compost sold at a retail level is priced at \$4.19 per bag and \$31.43 per yard plus applicable taxes and may be purchased at the Glenmore Landfill.

Ogogrow hauled to the Glenmore Landfill and sold at a wholesale level will add \$4.00/yard to cover hauling charges.

The annual budget for Ogogrow in 2011 is \$2.1 million funded by the Kelowna Wastewater Utility at \$1.0 million, by the City of Vernon at \$450,000 and revenues from sale of product and tip fees at \$650,000.

The annual budget for producing Glengrow is approximately \$900,000 funded through revenues from the sale of Glengrow at \$100,000 and by revenues received from tip fees for organics and garbage accounting for the remaining costs.

Internal Circulation:

Legislative Coordinator, City Clerks
Director, Financial Services

Legal/Statutory Authority:

Section 194 of the Community Charter gives the authority to impose fees within a Municipality.

Financial/Budgetary Considerations:

The revenue increase was included in the 2012 Budget; Regional Composting Facility Budget Adjustments.

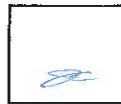
Considerations not applicable to this report:
Legal/Statutory Procedural Requirements
Existing Policy
Personnel Implications
External Agency/Public Comments
Communications CommentsAlternate Recommendation

Submitted by:



G. Light, Biosolids Supervisor

Approved for inclusion:



J. Creron, Director of Civic Operations

cc:

John Vos, G.M. Community Services
Don Degen, Utility Services Manager